

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7206

BILL NUMBER: HB 1419

DATE PREPARED: Jan 23, 2001

BILL AMENDED:

SUBJECT: Education Funding.

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

STATE IMPACT	FY 2001	FY 2002	FY 2003
State Revenues			
State Expenditures		17,960,000	960,000
Net Increase (Decrease)		(17,960,000)	(960,000)

LOCAL IMPACT	CY 2001	CY 2002	CY 2003
Local Revenues	17,000,000	9,600,000	
Local Expenditures			
Net Increase (Decrease)	17,000,000	9,600,000	

Summary of Legislation: This bill provides a one time grant to a school corporation that is equal to the difference between: (1) the amount of the school corporation's state tuition support for 2001 as calculated under the state tuition support worksheet provided by the Department of Education in July 2000, but using the most recent version of the data required by the worksheet; and (2) the amount of state tuition support the school corporation is entitled to receive for 2001 under state statute. It specifies that the grant may not be considered in determining the school corporation's state tuition support or general fund property tax rate. The bill provides that in 2002 a school corporation may increase its general fund property tax levy by an amount equal to the school corporation's general fund property tax levy for 2001, as calculated under the state tuition support worksheet provided by the Department in July 2000, but using the most recent version of the data required by the worksheet, minus the amount of the school corporation's general fund property tax levy for 2001. It also specifies that the increase in the general fund levy is allowed only for 2002 and may not be used

in the calculation of tuition support or the school corporation's maximum general fund property tax levy in 2002 and thereafter.

Effective Date: Upon passage.

Explanation of State Expenditures: (Revised) The Department of Education (DOE) holds a budget workshop in the spring of each calendar year. At the workshop DOE distributes tuition support worksheets, based on the current tuition support law, that show how each school's tuition support and property tax levy is calculated using estimated data. The worksheets distributed in June 2000 contained an inaccuracy, which was discovered later. Some schools may have used the DOE figures to build their CY 2001 budget. Not all the data needed to calculate the CY 2001 state tuition support is currently available. The figures in the State table, above, include estimates of the special education count, CY 2000 Auto Excise Tax collections, and CY 2000 Financial Institution Tax collections. Based on the most current available data, about 123 schools would receive the one-time grant. The actual impact should be known around March 2001. The bill appropriates funds necessary to fund the distribution.

The bill provides an increase in the CY 2002 property tax levies for schools affected by the worksheet miscalculation. About 116 schools could increase their levies by \$9.6 M for CY 2002. The state's expense for property tax replacement credits (PTRC) could be increased under this bill. PTRC is paid from the Property Tax Replacement Fund which is annually supplemented by the state General Fund. Any additional PTRC expenditures would ultimately come from the General Fund.

The impact for FY 2002 is the change in the tuition support amount of \$17 M and increased PTRC expenditures of \$960,000. The impact for FY 2003 is the increased PTRC expenditure of \$960,000.

The fiscal note will be updated when the actual figures become available.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: See Explanation of State Expenditures.

State Agencies Affected: Department of Education, State Board of Tax Commissioners.

Local Agencies Affected: Local Schools.

Information Sources: Department of Education databases.